

GSA Small Business Advisory Committee  
Meeting Minutes  
May 14, 2007

The meeting was called to order at 1:00 pm by Chairman Peter Provenzano.

Members Present:

- Peter Provenzano, Chair
- Macedonio (Massey) Villarreal
- Sandra (Kay) Stewart
- W. Ronald Evans
- Susan Au Allen
- John Leyendecker
- Daisy Gallagher
- Tex Hall
- Walter Blackwell

Others Present

- Felipe Mendoza, GSA
- Aaron Collmann, GSA – DFO
- Michael Rigas – GSA
- Mildred Quinley – GSA
- Edwin Fielder
- Walter Eckbreath
- Michael Sade
- LTC. James Blanco
- Algeon Gaither

The meeting began with the standard procedure of the members introducing themselves. The newest member of the committee is Tex Hall, a Native American from North Dakota and the former President of the National Congress of American Indians based in Washington, DC. Mr. Hall is also the Chairman and CEO of the Inter-Tribal Economic Alliance based on the Fort Bethold reservation in North Dakota. The intent of ITEA is to help create jobs and reduce poverty in the Native American community.

The committee then progressed around the table, with the following members introducing themselves: Kay Stewart, Massey Villiarreal, Peter Provenzano, Walt Blackwell, Daisy Gallagher, Ron Evans. Mr. Leyendecker and Ms. Allen arrived later in the meeting due to problems related to travel.

Millie Quinley, Regional Small Business Director, then welcomed the committee to the Southeast Sunbelt Region.

At this point the committee heard from Michael Sade, Assistant Commissioner for Acquisition Management in the Federal Acquisition Service. The Office of Acquisition Management has the responsibility within FAS to look across the board at all business lines. The responsibility of the Acquisition Management (AM) office is to look across the four portfolios from a socioeconomic policy, career management, and a consistency standpoint. FAS has a socioeconomic office that is headed up by Bernadette Mount, whose job is to work with schedule holders, portfolios and customers to ensure they are leveraging the procurement tools available to benefit the companies in the socioeconomic categories.

FAS has a number of issues that they are dealing with from a policy standpoint. We are looking to standardize the MAS process, as it has lost some consistency over the years from region to region. It should be helpful to the companies that are applying as well as save the taxpayers some money. FAS is also looking to make sure that we are eliminating duplication of efforts where applicable. This will also serve to reduce costs to the taxpayers.

FAS has also launched the MAS Express program. The objective of this program is to reduce the time that it takes to receive a GSA Schedules contract to under 30 days. The first pilot has been launched and is currently underway. We are currently working through the rough spots and improving the process. Currently, every offer that has made it through the initial screening has been completed in about 21 days. Granted, there are not a lot of offers at this time, but that will increase as the program is expanded.

FAS is also looking into re-engineering the modification process. One concern is the time it takes to modify a contract. The leadership team is concerned with this and the frontline is stressed as well.

The modification process will be going through a lean six sigma process. The team working on this will reach out to and work with the various councils and groups. Hopefully, the SBAC will be involved in that well. FAS believes that it is critical for not only the new industry partners to get their items on schedule faster, but current partners as well.

We are also very excited about section 833 or disaster recovery contracting. This allows the schedule holders who have accepted the modification to sell directly to their schedule to state and local governments when a disaster has been declared by the President. This has existed on schedule 70 for some time, but has now expanded to include all schedules. This even included the VA schedules.

Business with DoD has been an issue that FAS has been dealing with as well. GSA has signed an memorandum of agreement with DoD. One of the biggest challenges with DoD is getting the word out that GSA is approved for their use.

One issue that was discussed with Mr. Sade is the problems that small businesses have in contacting their contracting officer or other officials. Ms. Stewart stated that she had an experience when the contracting officer (CO) was on vacation she needed some forms to add a product to her firm's schedule contract. She had called her CO, and after nearly 3 days received no reply. She started to call various offices within GSA for help. She received some information from a regional office that she had done business with previously and was directed to the CO's main office, where she was informed that the CO was on vacation. This was a time critical addition to the schedule and there appeared to be nobody to provide the modification forms. She stated that it took a lot of time and initiative to get the forms because one person was on vacation.

Mr. Sade replied that they are looking into this issue, as it is not the first time he has heard of it. Part of this is a workload issue and part is a process issue. The Commissioner is aware of this and FAS is working on the issue.

It was mentioned by Mr. Blackwell that some companies are having trouble in getting debriefing information from the CO's after a bid was not selected. Mr. Sade replied that they are aware of this issue as well and are working on some training for the COs that will help them better understand what a business is going through. He also stated that part of this issue could once again be looked at as a workload issue. The contracting force is getting smaller while their workload is getting larger.

Mr. Sade stated that they are working with the HR people to help bring in more people and train them to be more innovative, as IG and GAO reviews have caused the contracting force to become very protective and stick to the letter of the rules.

Following Mr. Sade was Edwin Fielder, Regional Administrator of the Southeast Sunbelt Region. Mr. Fielder welcomed the committee to the region and spoke of the history of the GSA Expo. Attendance at this year's expo appeared to be over 10,000 people according to Fielder with 880 vendors in attendance. He spoke of the regions accomplishments in small business contracting which is generally around 60% of \$700 million total.

Mr. Fielder also spoke of the region's response to Hurricane Katrina in 2005. Within this region, 72% of hurricane contracting dollars went to small businesses.

Mr. Mendoza spent a few minutes at this time bringing the Committee up to date with the happenings in GSA OSBU. He mentioned that OSBU is participating in the Procurement Conference of the Americas. This conference is to discuss procurement issues across the Americas. One issue that they have focused on in the past is how to include more small businesses in procurement opportunities. OSBU is participating in the planning of this event and will have more information at the next meeting.

LTC James Blanco began his briefing on the Army Small Business Programs at this time. LTC Blanco's presentation can be viewed on the SBAC website at <http://www.gsa.gov/sbac>. LTC Blanco spoke oh how the GSA / Army relationship has blossomed. He is an advocate of using GSA Schedules simply because when all is said and done, the best price and best value are what matters. For the Army, the contracting force has either gone to the private sector or is nearing retirement. This means there are fewer people doing more work. The Army's mission is to get the product to the warfighter.

Blanco also spoke of how small businesses can be creative using teaming agreements to meet the 51% performance requirement for small business set-asides. In his example company A does 30%, company B does 10, and company C does 11, while the large company covers the remaining 49%.

Ms. Allen pointed out that the Veteran's community may not be ready for the set-asides to which LTC Blanco countered that there are 13,000 companies in CCR that are Service-Disabled Veteran-Owned. In the previous year, Army awarded \$734 million to SDVOSB's and not many defaulted on their contracts. The issue of certification was also discussed. SDVOSB's are self-certified, however the repercussions are great enough that it is felt there is little fraud. Veteran's will rat out those who do not represent themselves properly.

After a short break, Walter Eckbreth from the Federal Acquisition Service discussed teaming agreements with the committee.

I've been with Federal Supply Service for 20 years and now Federal Acquisition Service for one day. All my 20 years have been in procurement, almost entirely in federal supplies schedule programs. So I have kind of grown up in this. And this contract teaming arrangement has kind of become a baby of mine. I was kind of thrown into doing this presentation three expos ago. And, you know, learned a lot about it and it kind of plays off some of the strong beliefs I have in opportunities for small businesses.

So that being said, what we're going to cover today is what are contract teaming arrangements, how would I use them as a contractor and then what are the key points you need to know in that.

So MAS contractor teaming arrangement and I get flashbacks in the office with this one. It's an agreement between two or more multiple award schedule contractors in which they're going to join forces to resolve an issue to respond to an RFQ or RFP.

What a contracting teaming arrangement allows is for the government to set its requirements at reasonable levels and then

leverage the power of the schedules and the freedom and flexibility of the schedules to have the vendors create solutions. So what you might end up having is a contractor on Schedule 84 with guard services teaming up with an IT vendor, maybe software, maybe system integrator, maybe hardware even. Maybe they bring in a MOBIS contractor to do some management business planning. Maybe they go off the hardware schedule, Schedule 56, to bring in whatever hardware you need, you know, the fencing. And provide a single solution for the government.

Now, this is going to bridge over multiple contracts, multiple contractors, but it's a single solution that's being brought forward.

Now, that kind of paints the picture. So what does it provide for the government and the small business community? Well, it allows multiple schedule contractors to join forces to provide that total solution. You know, there is only a very small number of businesses out there that can do everything from soup to nuts.

It increases the number of business opportunities for small businesses as well as large businesses. You know, think back to the line of Charles Emerson Winchester from M\*A\*S\*H, that if you're a small business you can't go jumping in and out of things, and his line was "I do one thing, I do it well and then I move on." And that's what you're doing. You're staying within your area of expertise being able to do what you do best. Being part of a team, it can expose you to other opportunities where you may decide that, gee, that might be a good business line to transition into or maybe to add to your portfolio, but something that still keeps you working your area of expertise so you can most likely succeed. And increases the visibility of your capabilities. You know, without teaming arrangements small businesses and many types of large businesses would be just as limited to working in those fields where they have their contracts and they might be limited in what they can do, what solution they can provide the government under the schedule's program.

Now, understand, what could happen then is the government would decide, geez, there is not a lot of competition out there in this area and we don't have enough capable vendors so we'll just write our own solicitation and put it out there. And that's a possibility, but that adds more cost and efforts on the part of the contract. Because every RFQ that's out there or every RFP, you have to respond to and develop and still if the scope of work is this and you do this, you're still not able to bridge that, you know, unless you are a

subcontractor to one of the big boys who does all of that. And even then you don't get enough exposure that you need.

As part of a teaming arrangement each of the contractors is a prime contractor. So you've got direct contact with that federal customer. You know, this is an important part that you don't get as being a subcontractor. When you're a subcontractor, you're behind the scenes. You know, you have none of the exposure. You don't have the risk that may come with being a prime contractor, but you can't sell yourself. That customer doesn't realize that you're ever there.

As part of the teaming arrangement because each of you are prime, you share your part of the risk, but you also share that part of the reward. And remember because it's your contract, the risk that you have got is that risk which you have already signed up for. You're working in your area of expertise and you're not having to jump out before you need to or before it makes business sense to you to jump out of the new business lines.

I've already said it enough times, you work within your expertise. And it can reduce the costs overall to the government because we have contractors who are working at what they do best. You know, they're not having to go create new wheels and build new infrastructures to handle problems.

contractor teaming arrangement, and I have kind of talked about some of this. First of all, each team member must have a multiple award schedule contract. And what you're going to be doing, what you're going to be offering is what which is under your contract whether it's for products or services or both.

So say in the security thing, if you're contract is for guard services and your contract is for IT software, you know, you're going to work in the software and provide that and you're going to work providing the guard services. And maybe this gentleman over here, maybe he provides the fencing if you need fencing as part of the teaming arrangement. You get the fencing from him.

But you're offering a total solution and you identify what it is that you've got. You work within the scope of your contract. Your contract is for guard services, you don't provide the IT software because that's not your contract.

Now, each -- for a good teaming arrangement you need to have a designated team leader especially in some of the larger ones because you want somebody who's going to be herding the cows to

make sure that the government is still getting what they want. The government -- I don't want to be on the government side, I don't want to be the general contractor. Because if I've got to be the general contractor and herd up all of these other individual contracts, well, it kind of defeated the purpose of doing a teaming arrangement. You know, I want that to be kind of invisible to me having to do the general manager stuff.

Within your teaming arrangement identify what each party is going to provide. You provide guard services. You provide IT support. You provide the management review oversight. I have talked about it. Each of the team members is dealing directly with the government. You're all prime contractors, no subcontractors here.

Now, it's not to say that because you have a team lead maybe the government goes directly to the team lead to coordinate, but your answer back is directly back to the government. It's your company.

Within your teaming arrangement there should be a written document and should tell what each team member is providing. We do have some good online resources on teaming arrangements. [GSA.gov/schedules](http://GSA.gov/schedules), you can go in there and there's a contractor teaming arrangement listing of items to be covered in there.

Here is the last little piece of the teaming arrangements. Because each vendor is a multiple award schedule contractor, each contractor is responsible for reporting that portion of sales that's theirs and remitting the industrial funding fee that goes with that portion of the sale. And one of the questions that comes up is how do I identify what I report as a sale, as a dollar value of a sale. Well, it's a pretty simple thing. That dollar amount that the government pays for your product or your service is what you report. So if there is some team lead fee that's built into your pricing, that's not the team lead part. Now, if team lead has identified labor category for project management, separate stand-alone fee, they're going to report that. But you report what it is that's the invoice value for the sale.

You can't delegate reporting to any team member. You can't delegate IFF remittance to any team member. It's each individual contractor's responsibility.

At this point, Mr. Evans brought up business relating to a proposed rule in FMR Case 2007-102-2. His comments are below:

Just quickly if you go to the summary of comments, the proposed rulemaking undermines GSA stated goals of maximizing the transparency by limiting competition, increasing costs and failing to address the potential organizational conflict of interest. The first point, the proposed rule provision is really a conflict with its stated purpose.

Page 2 if you go down to the third paragraph, what is going to happen if they let this schedule take place, the increased cost -- well, the value of goods and services sold by private sector auction industry exceeds about \$257 billion in 2006.

The Executive Steering Committee in its sole discretion would be forced to conduct their sales through GSAauctions.gov regardless of the price and the level of the service provided. It unduly limits the competition and uses many auction vendors as they deem necessary. It creates a problem for us in terms of unrestriction.

I just want to highlight these areas that I have come up with. GSAauction.gov public price list charges a 25 percent commission which is about twice what the private industry charges now which creates another cost for us.

It does not achieve the transparency that we're trying to deal with. And the proposed regulation violates OMB Circular A76. It violates Executive Order 12866 and also violates Section 573. It's the opinion of the small business community that if the government is going to add a layer of bureaucracy to what they're doing in disposal of surplus properties not only with the GSA itself but other agencies, it's going to be another level of bureaucracy and it's going to cost the taxpayers more to dispose of surplus property and this is both real and personal property.

So we would like to seek -- and I say we, the small business community would like to seek fundamental limits to competition in the marketplace for the sale of federal surplus properties, harming both the federal agency sellers and the private sector businesses.

This -- we know if this particular activity takes place it's going to have an immediate impact on the auction industry and some 400 auction firms will probably have to go out of business if this takes place.

GSA has its own auctioneers. We understand that. We also understand that GSA.gov is doing the sale of properties, but when you take this particular piece of rulemaking and give it to all other

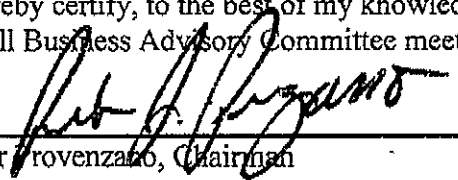


agencies to do the same and then pay back to GSA a 25 percent commission, it just raises the cost of it and eliminates the possibility of doing business. So it really puts small business out of the realm of doing business.

Mr. Evans then moved to oppose this rule with a second by Mr. Leyendecker. The motion carried unanimously.

Following a brief discussion on how to list the Committee's accomplishments, the meeting was adjourned.

I hereby certify, to the best of my knowledge that the foregoing minutes of the GSA  
Small Business Advisory Committee meeting held on May 14, 2007 are correct.

  
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Peter Provenzano, Chairman